

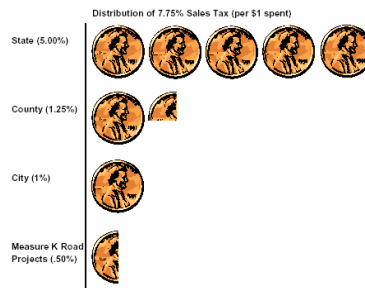
How does the Motor Vehicle License Fee (VLF) affect the City?

- The State Constitution dedicates the portion of the VLF revenue that is in lieu of a local property tax to fund local government (cities and counties)
- The State Legislature decreased the VLF by 67% starting in 1998
- The Legislation "backfilled" the lost local revenue to cities and counties from the State General Fund, and included a provision to increase the VLF if the State had insufficient funds to "backfill"
- The State Director of Finance has stated the State has insufficient funds to backfill the tax, and the VLF is expected to rise on October 1
- The City expects to receive about \$15.6 million in 2003-04 General Fund revenue from the VLF - \$5.1 million from the fee and \$10.5 million from the backfill
- If the Legislature or Courts fail to provide local government with either backfill or VLF tax revenue, the City would lose \$10.5 million annually, or \$875,000 each month if there is a lag between the end of backfilling and the beginning of the tax
- The VLF is one of the City's largest revenue sources—a loss of this revenue would severely affect the City's abilities to provide essential services including police and fire



Sales Tax—where does it go?

- San Joaquin County sales tax is 7.75% - \$7.75 tax on each \$100 purchased
- The City of Stockton receives \$1 in sales tax revenue for every \$100 spent on purchases made in Stockton - the rest goes to the State, County and Measure K Transportation Projects
- The State is considering increasing the sales tax by .5% to pay back the State's debt—none of this revenue would go to local government
- The 1% sales tax is the City's largest source of General Fund revenue - an estimated \$33.3 million in 2003-04
- The City of Stockton uses sales tax revenue to fund police, fire, and other essential city public services
- 71% of the City's General Fund expenditures are for Police and Fire



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